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## South Africa, Republic of

### Avocado

### Annual

### 2004

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**Report Highlights:**

South Africa's 2005 total avocado production is projected to increase 21% from 70,000 MT in 2004, if the weather conditions improve. Exports will increase 27% from 30,000 MT of last year. Europe will remain South Africa's major export market. Locally, growers are expected to improve their GAP practices, based on the new regulation that will be implemented on January 01, 2005. Lastly, the industry expects to expand exports to the U.S. market.

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**Executive Summary**

South Africa's 2005 total avocado production is projected to increase 21% from 70,000 MT in 2004 if the weather remains favorable. Exports will increase 27% from 30,000 MT of last year. The processing sector is projected to use about 16% of the total crop in 2005. In 2004, 8,600 MT is expected for processing.

Europe will remain South Africa's major avocado export market. SAAGA names their competitors in Europe as Spain and Israel in the early season, Kenya and Peru in the mid-season, and Chile and Mexico in the late season. There is a strong possibility for increased supply co-operation between South Africa and its competitors in the European markets. Locally, avocado growers are expected to enter into forward contracts with processors and exporters. Growers are also expected to improve their GAP practices, based on the new rule that will be implemented on January 01, 2005. Lastly, the industry expects to expand exports to the U.S. market.

**Production**

According to the CEO of South Africa's Avocado Growers Association, Mr. Derek Donkin, 2004 production of avocados was initially expected to increase because of the alternating bearing nature of the fruit trees, however it ended with poor crops because of the dry and cold weather spell experienced in October 2003, and the hot and dry condition in October 2004. Total production for 2004 is expected at about 70,000 MT, compared to 76,000 MT in 2003. In 2005, production is expected between 80,000 MT to 90,000 MT if weather conditions improve.

In 2004, South Africa's area planted to avocados is estimated at about 12,500 Ha.

South Africa's annual average production of avocados is between 85,000 MT to 100,000 MT and increasing by about 2% annually. Avocado marketing season starts mid-March and ends in September/October, though regional climatic variability plays a major role on harvesting period, for example - Fuerte variety is harvested from mid-March to May in the Northern region, and from July to August in Kwazulu-Natal. Commercial avocado production areas are in the subtropical region of the Northern and Mpumalanga Provinces, and around Kwazulu-Natal. South Africa's major planted varieties are Fuerte (38%), Hass (36%), Ryan (11.8%), Pinkerton (9%) and Edranol (5.2%). Since 2001, new plantings are increasing for Hass because of its popularity in Europe.

## Production Subcategory

South Africa, Republic of Avocados, Fresh							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Area Planted	12950	12950	13000	12500	0	12750	(HECTARES)
Area Harvested	11615	11615	11700	11850	0	12000	(HECTARES)
Bearing Trees	2200	2290	2220	2330	0	2360	(1000 TREES)
Non-Bearing Trees	350	260	350	130	0	150	(1000 TREES)
TOTAL No. Of Trees	2550	2550	2570	2460	0	2510	(1000 TREES)
Production	85000	76000	100000	70000	0	85000	(MT)
Imports	600	600	600	600	0	600	(MT)
<b>TOTAL SUPPLY</b>	<b>85600</b>	<b>76600</b>	<b>100600</b>	<b>70600</b>	<b>0</b>	<b>85600</b>	<b>(MT)</b>
Exports	38000	39132	43000	30000	0	38000	(MT)
Fresh Dom. Consumption	23000	25000	30000	32000	0	34000	(MT)
Processing Consumption	24600	12468	27600	8600	0	13600	(MT)
<b>TOTAL DISTRIBUTION</b>	<b>85600</b>	<b>76600</b>	<b>100600</b>	<b>70600</b>	<b>0</b>	<b>85600</b>	<b>(MT)</b>

## Consumption

In 2004, domestic markets are expected to absorb about 46% of the total avocado crop. In 2003, domestic consumption reached about 25,000 MT, and fetched higher prices. Locally, avocado is sold mainly to the National Fresh Produce Markets. However, sales to the informal sector are increasing. Also increasing is the direct selling trend whereby fruit is sold from the pack-houses to the wholesalers.

## Consumption Subcategory

South Africa processes avocado mainly for oil and guacamole. In 2003, 12,600 MT of avocados were sent to the processing industry.

## Trade

The avocado industry is export oriented, with Europe as the major export market, receiving about 40% of the total crop annually. Annually, South African avocado exports average about 55% of the total production. The rate of increase in exports is projected at about 15% per annum for the next 5 years. SAAGA names their competitors in Europe as Spain and Israel in the early season, Kenya and Peru in the mid-season, and Chile and Mexico in the late season.

In 2004, South African Avocado industry reached its supply peak to Europe around week 23, and supply continued rising until week 33. Generally, the supply peak was earlier than in 2003. Markets are difficult to control because of the seasonal nature of the crops.

South Africa's avocado industry expects to export not more than 30,000 MT in 2004. In 2003, total avocado exports reached about 39,000 MT, and 47,700 MT in 2002.

### Trade Subcategory

South Africa, Republic of Avocados, Fresh			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
U.S.	510	U.S.	18
Others		Others	
Netherlands	14,394	France	12,453
France	13,937	Netherlands	11,708
U.K.	11,752	U.K.	10,941
Belgium	4,741	Germany	2,117
Denmark	500	Belgium	752
Switzerland	125	Denmark	369
Lebanon	73	Switzerland	259
Hong Kong	53	Spain	209
Spain	42	U.A.Emirates	128
U.A.Emirates	27	Italy	89
<b>Total for Others</b>	<b>45644</b>		<b>39025</b>
<b>Others not Listed</b>	<b>1,587</b>		<b>89</b>
<b>Grand Total</b>	<b>47741</b>		<b>39132</b>

Source: WTA

South Africa, Republic of Avocados, Fresh			
Time Period	Jan-Aug	Units:	MT
Exports for:	2003		2004
<b>U.S.</b>	<b>18</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
France	11,227	Netherlands	10,333
Netherlands	10,641	U.K.	7,099
U.K.	8,944	France	5,908
Germany	2,094	Germany	624
Belgium	670	Spain	320
<b>Total for Others</b>	<b>11,708</b>	<b>Total for Others</b>	<b>24,284</b>
<b>Others not Listed</b>	<b>23,000</b>	<b>Others not Listed</b>	<b>161</b>
<b>Grand Total</b>	<b>34,726</b>	<b>Grand Total</b>	<b>24,445</b>

Source: WTA

South Africa, Republic of Avocados, Fresh			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Zimbabwe	231	Zimbabwe	314
Kenya	64	Spain	248
Israel	18	Israel	37
		Kenya	22
<b>Total for Others</b>	<b>313</b>		<b>621</b>
<b>Others not Listed</b>	<b>0</b>		<b>0</b>
<b>Grand Total</b>	<b>313</b>		<b>621</b>

Source: WTA

South Africa, Republic of Avocados, Fresh			
Time Period	Jan-Aug	Units:	MT
Imports for:	2003		2004
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Zimbabwe	314	Spain	365
Israel	37	Kenya	130
Kenya	18	Zimbabwe	80
<b>Total for Others</b>	<b>368</b>	<b>Total for Others</b>	<b>575</b>
<b>Others not Listed</b>	<b>0</b>	<b>Others not Listed</b>	<b>0</b>
<b>Grand Total</b>	<b>368</b>	<b>Grand Total</b>	<b>575</b>

Source: WTA

**Stocks**

No stocks for fresh fruit.

**Stocks Subcategory**

No stocks for fresh fruit.

**Policy**

The industry expects all farmers to be accredited in EurepGAP by the end of this year. In 2003, only 30% of farms acquired the EurepGAP certification. Good Agricultural Practices (GAP) ensures the limitation of harmful chemical usages by employing cultural practices to encourage natural enemies and antagonists of pests and diseases.

Quality Standards are regulated under the National Department of Agriculture. The Perishable Product Export Control Board (PPECB) conducts inspections on consignments for both local and export destinations.

**Policy Subcategory**

None

**Marketing**

A strong Rand is said to be reducing total farmer revenue in the local markets. However, export returns are improving, as avocado prices increased in Europe where most of South Africa's crop is destined. In the past three years, Peru had become South Africa's new competitor in Europe. Between July and August 2004, South Africa's avocados, especially the Hass and greenskin varieties, were smaller in size and were affected by strong competition from the Peru crop. The two countries are expected to develop marketing co-operation to improve prices in the next season.

Since 2001, South Africa's Avocado Growers Association (SAAGA) established co-operation with their competitors in Europe, namely Kenya, Spain, Israel, Chile, Mexico and now Peru, to coordinate the supply of avocados to that market. The program successfully reduced the risk of export, as all competitors are better informed about the projected season's supply flows. More information like weekly estimates and actual shipping volumes from South African pack-houses and exporters also allow growers to make informed supply decisions.

The Minanawe initiative, that was to promote avocado atchaar, is put on hold because it is economically non-viable.

On the local market development, avocado achieved a greater amount of coverage on a number of the local television programs in December at a very low cost to the industry.

**Marketing Subcategory**

South African 2003 avocado marketing strategy was to develop a website and conduct food service research in the U.K. All countries exporting to Europe cooperated to control fruit influx in the market.

SAAGA's worldwide future prospects are small increases in production, especially of Hass avocados, from Kenya, Israel and South Africa, compared to the extensive new plantings in Chile and Peru. Much of these fruit is destined for the European market. Based on these, SAAGA developed the following strategy to maintain its market share in Europe:

- Growing the market:

To increase avocado exports and extending the marketing season to Europe while maintaining profitable producer prices.

- Generic promotions, funded by major exporting companies.
- Consistently and timely placing the best quality fruit on the market to make South Africa the preferred supplier to the major retail chains in Europe.

To achieve this, the industry plans to conduct innovative research and to apply the study results.

- Reducing costs of both production and export to decrease the grower's break-even price.
- Communication to the trade to bolster current positive perceptions that South Africa supplies the best quality avocados during the European winter.
- Penetration of new markets:

SAAGA expects to use research to overcome phytosanitary barriers, and to supply processed products (e.g. oil and guacamole) that are not subject to restrictions.